



*Case Nos. AVU-E-18-06, AVU-E-18-07 and AVU-E-18-08*

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## Comment deadlines set for 3 Avista proposals

**BOISE (Aug. 17, 2018)** – Avista has proposed modifying three annual rate adjustments that, combined, would reduce rates for its electric customers.

If the utility's proposals are approved by the Idaho Public Utilities Commission, residential electric rates would decrease by 5.5 percent.

That equates to a decrease of \$4.85 per month for a residential customer using an average of 910 kilowatt-hours per month, lowering the bill from \$88.49 to \$83.64.

The proposals call for adjustments to the Fixed Cost Adjustment (FCA), Power Cost Adjustment (PCA) and the Bonneville Power Administration (BPA) Residential Exchange Program.

The FCA proposal is the most significant of the three, calling for a decreases of nearly 5 percent for residential electric customers.

The PCA proposal also would result in a rate decrease if approved, while the BPA-related adjustment would slightly increase rates. Each would take effect Oct. 1, 2018.

Here is a look at each proposal:

### Fixed Cost Adjustment

Avista's FCA proposal equates to a decrease of \$4.16 per month for a residential customer using an average of 910 kilowatt-hours (kWh) per month.

The change would take effect Oct. 1 and run through September 2019, with Commission approval.

The FCA is designed to remove the utility's disincentive to promote energy efficiency and conservation among its customers.

It can be adjusted annually with Commission approval – via a surcharge when Commission-authorized expenses exceed revenue or a rebate when FCA revenue surpasses expenses.

Fixed costs include those associated with infrastructure.

While these expenses remain relatively stable, a utility's energy sales, and therefore revenue, fluctuate due to a number of factors, including weather and conservation or efficiency measures.

Avista said the proposed changes to the FCA mechanisms are due primarily to higher energy use in 2017, in part because of a winter that was colder than normal.

All documents related to Avista's FCA application can be found [here](#).

The deadline to submit comments on the electric FCA proposal is Sept. 13.

### **Power Cost Adjustment**

The company's proposal for the PCA set to take effect Oct. 1 would lower rates for all customer classes by approximately 1 percent.

The PCA can be modified each fall with Commission approval, in order to reflect differences between the costs included in customer rates and the actual costs Avista incurred generating and purchasing the power needed to serve its customers over the prior 12 months.

It is a true-up mechanism in that it allows the utility to recover costs when actual expenses exceed the amount included in rates and for a rebate when expenses are lower than PCA-related revenue.

The current PCA is a rebate of 0.24 cents per kWh. It took effect Oct. 1, 2017.

If Avista's proposal is approved, the rebate would increase to 0.326 cents per kWh used, an increase of 0.086 cents per kWh.

It would return to customers approximately \$9.8 million, due primarily to low power prices on the wholesale energy markets over the last 12 months.

For an average residential customer using 910 kWh per month, the proposal would lower the monthly bill by 79 cents, from \$88.49 to \$87.70. That is a decrease of 0.9 percent.

The deadline to submit comments on the PCA proposal is Sept. 13. All documents related to Avista's PCA proposal can be found [here](#).

### **BPA Residential Exchange Program - Residential and Small Farm Energy Rate Adjustment Credit**

The Residential and Small Farm Energy Rate Adjustment Credit provides a share of the benefits of the Columbia River hydropower system to customers.

The proposed credit that would take effect Oct. 1 with Commission approval is 0.069 cents per kilowatt-hour used, down from a credit of 0.078 cents per kWh. It would remain in place through fall 2019.

The credit is expected to provide \$840,000 in annual BPA-related benefits to the 130,000 Idahoans who receive electric service from Avista.

That is an increase of \$100,000 over the current credit.

The proposed credit is smaller than the current credit due to the fact that customer energy usage in 2017 was higher than projected, leading to an over-refunded balance, the company said in its application.

The Residential and Small Farm Energy Rate Adjustment Credit is the result of a decades-old agreement between Avista and the Bonneville Power Administration (BPA), which markets and distributes the wholesale energy generated through a network of 31 hydropower projects on the Columbia and Snake rivers.

While customers of publicly owned utilities (rural cooperatives and municipal utilities, for example) are granted preferential access to BPA power, the Northwest Power Act of 1980 requires that customers of private, investor-owned utilities such as Avista also share in the benefits of the federal hydro system through a rate credit as part of BPA's Residential Exchange Program. The amount of the credit is determined by a number of factors, including a utility's average system cost for producing power.

If an investor-owned utility's average system-wide generation costs lead to rates higher than those offered to BPA's public utility customers, the customers of private, investor-owned utilities are issued a credit.

The deadline to submit comments on this proposal is Sept. 5. Go [here](#) to view all documents related to this case, including Avista's application.

Written comments can be submitted via mail to the Idaho Public Utilities Commission, PO Box 83720, Boise, ID 83720-0074, or via email by going [here](#). Or, go to the Commission's web site, [www.puc.idaho.gov](http://www.puc.idaho.gov), and click on Case Comment Form under either the Electric

heading. Please include the case number – AVU-E-18-06 for the FCA proposal, AVU-E-18-07 for the PCA proposal and AVU-E-18-08 for the BPA credit proposal.